Justice accessible to all...

Managing through Challenges

2015-2016 ANNUAL REPORT

Strategic Plan 2016-2020

OUR VISION

Justice accessible to all.

OUR MISSION

We inspire and support innovative programs and initiatives promoting accessible justice.

LEGISLATIVE MANDATE

We grant funds for the purposes of legal education, legal research, legal aid, law libraries and law reform in accordance with our governing legislation.

OUR CORE VALUES

The Law Foundation of Saskatchewan has chosen the following core values that will guide how we fulfill our legislative mandate.

- **Stewardship**: We manage, invest, and distribute monies entrusted to the Law Foundation prudently and responsibly.
- **Collaboration**: We seek and encourage partnerships and co-operative actions with and among grantees, stakeholders and others in achieving our mission. We encourage collaboration with and among those who work together to promote the achievement of our vision and mission. We support networks for sharing ideas to create and advance this purpose.
- **Innovation**: We are open to and seek new ways to fulfill the mission of inspiring and supporting innovative programs and initiatives promoting accessible justice within our mandate.
- **Positive impact**: We seek evidence that our investments in projects and organizations improve the lives of those who are seeking justice.
- **Accountability**: We hold ourselves and grantees accountable by regular evaluation and assessment of performance as measured against our vision, mission and values.

STRATEGIC PRIORITIES

1. Manage Our Resources Prudently

In a dynamic funding environment, we will increase our focus on adhering to an ethic of responsible planning and management of our resources. We will maintain and follow an appropriate investment and reserve policy. We will exercise due diligence in managing our resources and in our granting processes.

2. Improve Our Granting Processes

We will improve our knowledge of the grantee organizations we fund. We will work with grantees to evaluate how their work facilitates access to justice for our citizens in an effective manner. We will use our evaluation processes to determine our grant allocations and to ensure we fund initiatives that are in line with our vision, mission and values.

3. Increase Our Involvement in Access to Justice Initiatives

We will increase the knowledge of our Foundation and its work within the legal profession. We will seek to more clearly understand how non profit agencies provide access to justice services and increase our visibility within that community. We will seek to inspire new and innovative approaches to access to justice working with our grantee organizations and institutions that promote access to justice.

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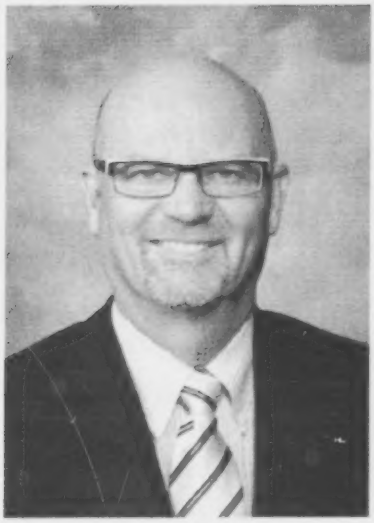
Message from the Chair



I am pleased to provide the 43rd Annual Report of the Law Foundation of Saskatchewan for the fiscal year ended June 30, 2016. This report is provided to the Minister of Justice of Saskatchewan and to the Law Society of Saskatchewan pursuant to section 79 of *The Legal Profession Act, 1990*.

This fiscal year was a challenging one for our Foundation and its grantees. After a period of growing or steady interest revenues from mixed trust accounts we experienced an approximate 24% decline for the year ended June 30, 2016.

The decline was for the most part expected. During the past year we felt the full impact of two prime interest rate cuts that came into effect in 2015. Most of the decline can be attributed to those cuts. Declining balances in lawyers' mixed trust accounts was also a factor.

To respond to the revenue declines we have been working with our grantees collaboratively. All of the grantees who rely on us for ongoing funding have been kept informed of the trends with a commitment from the Foundation that we would continue to communicate as future events, positive or negative, unfold.

Unfortunately we do not expect a recovery of our revenues to prior levels in 2016-2017. In fact we expect a further decline but a more modest one. In my letter to the grantees dated November 15, 2016, in addition to making a commitment to keeping our grantees informed, I advised that:

"As grantees review their own programs they should expect that certain grants could be held constant or reduced in the upcoming grant cycle. We are encouraging our grantees to be vigilant in making longer term financial commitments because there can be no assurance that our funding will recover to historical levels."

Our members embrace stewardship as a core value that guides our activity. Maintaining a strong financial position is critical to sustain our ongoing granting programs. We have a Grant Stabilization Reserve

that can buffer the impacts of revenue declines to some degree. We will constantly monitor where there is a need to draw down on that reserve and will do so if prudent, in a balanced fashion to protect the essential programs we fund. We will also review our operations to ensure we are cost effective

During 2015 and 2016 we undertook a strategic planning exercise. From that process, we concluded that priority consideration will be given to programs and projects promoting accessible justice that are innovative, are done in a collaborative spirit and have a positive impact.

We continue to fulfill our legislative mandate by making grants to organizations that support innovative programs and initiatives promoting accessible justice. Details are contained in the body of this report and our financial statements.

This fiscal year was a challenging one for our Foundation and its grantees. After a period of growing or steady interest revenues from mixed trust accounts we experienced an approximate 24% decline for the year ended June 30, 2016.

Recently we launched a new website which will assist us in keeping our grantees informed of developments which affect them and the Foundation, streamline the grant application process and better illustrate to the public the work we do and its impact in achieving our vision of "Justice accessible to all".

My term with the Foundation expires on December 31, 2016. It has been an honour to serve as Chair of the Foundation through a period of significant change and challenge.

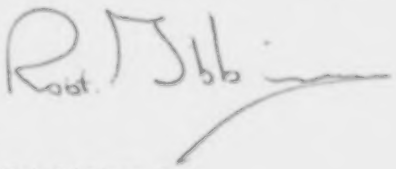
I would like to express my thanks to my fellow members for their diligence in governing the Foundation's activities. Their conduct at all times embraced our core values and without their dedication the progress we made together would not have been possible.

On January 1, 2017 Eileen Libby, Q.C. will assume the Chair and Melanie Baldwin, Q.C. will become Vice Chair, each for a two year period. I am absolutely confident that the new leadership team will continue the tradition of being responsible stewards and through challenging times will bring energy to the task of making our vision of "Justice accessible to all" a reality.

I also want to recognize the contribution of Merlis Belsher who is not returning as a member of the Foundation. Merlis is the Treasurer of the Foundation and his tireless attention to the work of the Foundation has been critical to its stewardship of the public money entrusted to it. Merlis can be seen at many of the annual meetings of our grantees and countless Law School functions as a prominent face of, and advocate for, the Foundation's work. His dedication to the proper performance of his fiduciary duty to the Foundation and the people of Saskatchewan should be a model to all current and future members.

We welcome Tom Schonhoffer, Q.C. and Brenda Walper-Bossence, Q.C. who will become members of the Foundation effective January 1, 2017 as appointed by the Law Society of Saskatchewan.

On behalf of the members of the Law Foundation of Saskatchewan I respectfully submit this annual report. We appreciate the opportunity to serve the people of Saskatchewan by ensuring the Foundation achieves its vision and meets its legislated purposes.



Rob Gibbings, Q.C.
Chair
December 12, 2016

The Law Foundation of Saskatchewan

Our Legislative Purposes

The Law Foundation of Saskatchewan was established in 1971 and was one of the first foundations of its kind in Canada. The Foundation is governed by *The Legal Profession Act, 1990,* of Saskatchewan.

The Foundation has established a fund to accumulate and distribute interest earned on lawyers' mixed trust accounts to the benefit of the public in Saskatchewan. The purposes for which the funds are to be distributed are described in our legislation and are:

- legal education
- legal research
- legal aid
- law libraries
- law reform

From its fund the Foundation members make grants that are consistent with the legislative purposes of the Foundation. The grants are made to organizations that deliver innovative programs and initiatives promoting accessible justice and that the members believe will succeed in improving the lives of the public in Saskatchewan.

Our Funding Sources

The Foundation is a non-profit organization which is required by legislation to set up a fund to receive and distribute the interest on clients' funds held in lawyers' mixed trust accounts maintained in financial institutions. Mixed trust accounts are those specifically not designated to a particular client of a lawyer because the funds are normally held for a short period of time (for example in a real estate transaction) and the costs of administering the account do not make specific designation feasible.

Across the province the amounts held by lawyers in mixed trust accounts, while generally small individually, are collectively significant. Saskatchewan's financial institutions pay interest on these mixed trust accounts directly to the Foundation. All lawyers' mixed trust accounts earn interest at rates negotiated between the Foundation and the various financial institutions.

The fund also accumulates investment income from investments held by the Foundation pending distribution to grantees. Under our governing legislation investments can only be made "at interest" and as a result the investment policies of the Foundation reflect a relatively low risk profile.

LawFoundation
OF SASKATCHEWAN

Our logo with its stylized scales of justice integrates the vision, mission, and values of the Foundation in its design. The progressively bolder interlocked scales of justice illustrate our mission to over time proactively inspire and support innovative initiatives, working collaboratively with our grantees and stakeholders. The levelled coloured scales represent the culmination of our work and ultimate achievement of justice accessible for all.

Members and Staff of the Law Foundation of Saskatchewan

As of June 30, 2016

L. to R.: Donna Taylor, Evert Van Olst, Eileen Libby, Merlis Belsher, Robert Gibbings, Melanie Baldwin, Kevin Fenwick, Irene Seiferling, Bob Watt, Kathryn Ford.

Appointed by the Law Society of Saskatchewan

Robert Gibbings, Q.C. – Chair*
Eileen Libby, Q.C. – Vice Chair*
Merlis Belsher, CPA, CA, LL.B. – Treasurer
Evert Van Olst, Q.C.
Melanie Baldwin, Q.C.

**The Chair and Vice Chair are appointed by the Law Society of Saskatchewan*

Appointed by the Minister of Justice

Kevin Fenwick, Q.C., Deputy Minister of Justice and
Deputy Attorney General – Minister's designate
Kathryn Ford, Q.C.
Irene Seiferling, B.A., ICD.D, FEA
Donna Taylor, LL.B.

Executive Director

Bob Watt, FCPA, FCA

Financial Highlights

Revenues—Mixed Trust Accounts

Revenues from mixed trust accounts are the main source of funding of grants to support ongoing programs and projects undertaken by our grantees. We use the monies we receive by statute to inspire and support innovative programs and initiatives promoting accessible justice. However, we do not control the interest revenues we receive from mixed trust accounts. They are dependent on the amount at any point in time in mixed trust accounts in Saskatchewan and the interest rate paid by financial institutions on those balances.

During the year ended June 30, 2016, interest earned on lawyers' mixed trust accounts and paid to the Foundation was $2,369,000 compared to $3,125,000 in 2015. This represents an approximately 24% reduction in our main revenue source.

As we began 2015 we were optimistic that rates would rise sometime in 2015. As it turned out, the banks and credit unions following the Bank of Canada lead (in part) reduced rates in January 2015 by 15 basis points and in July 2015 by a further 15 basis points. These unanticipated rate declines began to negatively impact our revenues in fiscal 2015 and, as we predicted, significantly impacted our revenues in fiscal 2016.

Our mixed trust revenue trend is illustrated in *Table 1*.

The bank prime interest rate over the past five years is illustrated in *Table 2*.

The other factor that impacts the revenues that we receive is the amount of monies in mixed trust accounts at any point in time. We measure the balances on a twelve month rolling average basis to reflect seasonality. The average balances in these trust accounts in Saskatchewan grew after the

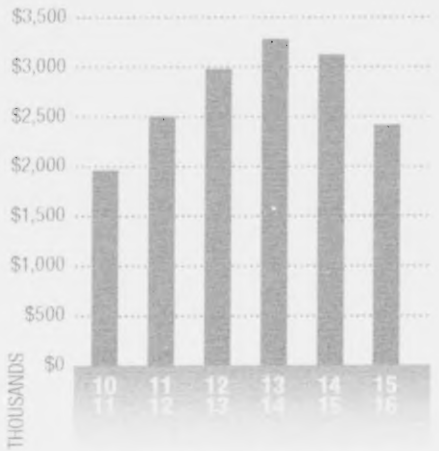


Table 1 | **Mixed Trust Revenues**

recession of 2008/2009 and peaked at approximately $494 million in June 2015. Over the past year the average balances declined to approximately $470 million and after year end in our first quarter of fiscal 2017 declined further to approximately $464 million. These declines further reduced our current granting capacity.

The average trailing 12 month balances in lawyers' mixed trust accounts over the past three years and the first quarter of fiscal 2017 is illustrated in *Table 3*.

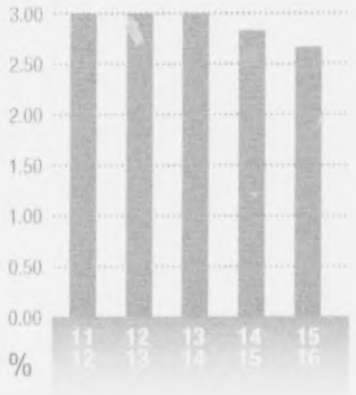


Table 2 | **Bank Prime Interest Rate**

Table 3 | **Lawyers' Mixed Trust Accounts**

The Foundation is maintaining a view that Canadian interest rates will remain unchanged in fiscal 2017 and economic activity in Saskatchewan will continue to moderate. A further decline in revenues to levels close to those experienced in 2010-2011 is expected in fiscal 2017.

Notwithstanding the continuing low rate environment, financial institutions have generally been able to offer competitive interest rates on the mixed trust accounts. These rates generally are priced off the prime rate of the financial institution and subject to a floor rate, usually 25 basis points. These floor rates are important to the Foundation in a low interest rate environment. On a composite basis, across all of the financial institutions, we currently earn about 50 basis points on the mixed trust deposits. We appreciate the support of Canada's major banks and Saskatchewan's credit unions that beyond paying interest on deposits see the value of the work our grantees do in our communities to enhance access to justice.

Revenues—Investment Income

Investment income was $285,000 in 2016 compared to $320,000 in 2015. Investment income continues to decline due to the impact of lower re-investment interest rates as term investments mature and a decline in investment balances of $625,000 in 2016.

We expect to invest new monies primarily in short term investments in 2017 to allow us to readily fund grants we have already made and grants we will make in the face of declining revenues from mixed trust accounts. As a result, in the absence of an unexpected increase in interest rates, investment income is expected to decline in 2017.

Grant Expenditures—2012-2016

Our grant expenditures from unallocated surplus (before grant recoveries) and from our Strategic Initiatives reserve are shown in *Table 4*.

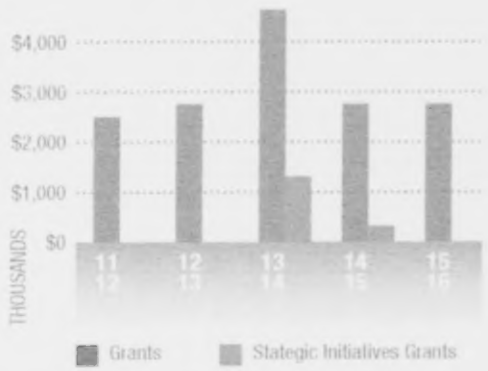


Table 4 | **Grant Expenditures**

In fiscal 2016 we granted $2,666,683 compared to $2,646,458 in 2015 (before grants funded by the Strategic Initiatives Reserve). In most years the Foundation has been able to fund current year grants (excluding grants from the Strategic Initiatives Reserve) from the interest on lawyers' trust accounts received in a given year. In fiscal 2016, before grant recoveries, the Foundation experienced a deficiency of $232,130. Looking forward the pressure on grant funding will increase in fiscal 2017 as our multi-year agreement with CLASSIC expires as of March 31, 2017. Renewal at current levels of funding of $300,000 would, with no change in our current approximate $2.6 million funding level, increase our total funding commitment to $2.9 million meaning limited capacity for new or project grants. This level of grant funding from current interest revenues would create an annual deficiency that is not sustainable.

The Foundation maintains a Grant Stabilization Reserve to protect its ongoing grantees, those who rely on the Foundation for their primary funding, from declines in

interest revenues and, therefore, our funding capacity. Our goal is to maintain 3.0 times the current level of funding to such organizations to reflect the time it can take to adjust their operations to new levels of activity if the current interest rate and economic environment persist. Currently our reserve is at 2.5 times. During fiscal 2016 we modestly drew down on the reserve by $50,000. Had we not had an unanticipated recovery of a prior year grant of $160,000 the reserve would have been drawn down by $210,000. Based on our current interest revenue projections for fiscal 2017 we will likely continue to draw down on this reserve in order to protect the programs our grantees undertake.

The Foundation also maintains a Strategic Initiatives Reserve to allow it to respond to significant new one-time initiatives which are deemed to be strategic. During the year $703,000 was recovered from a prior year grant returned to the Foundation and this money replenished the Strategic Initiatives Reserve. The balance in the reserve is $2,794,702 as of June 30, 2016. When first established, the fund had a balance of $3,695,000. The Foundation remains in a position to make a difference through significant one time initiatives.

Outlook for 2016-2017

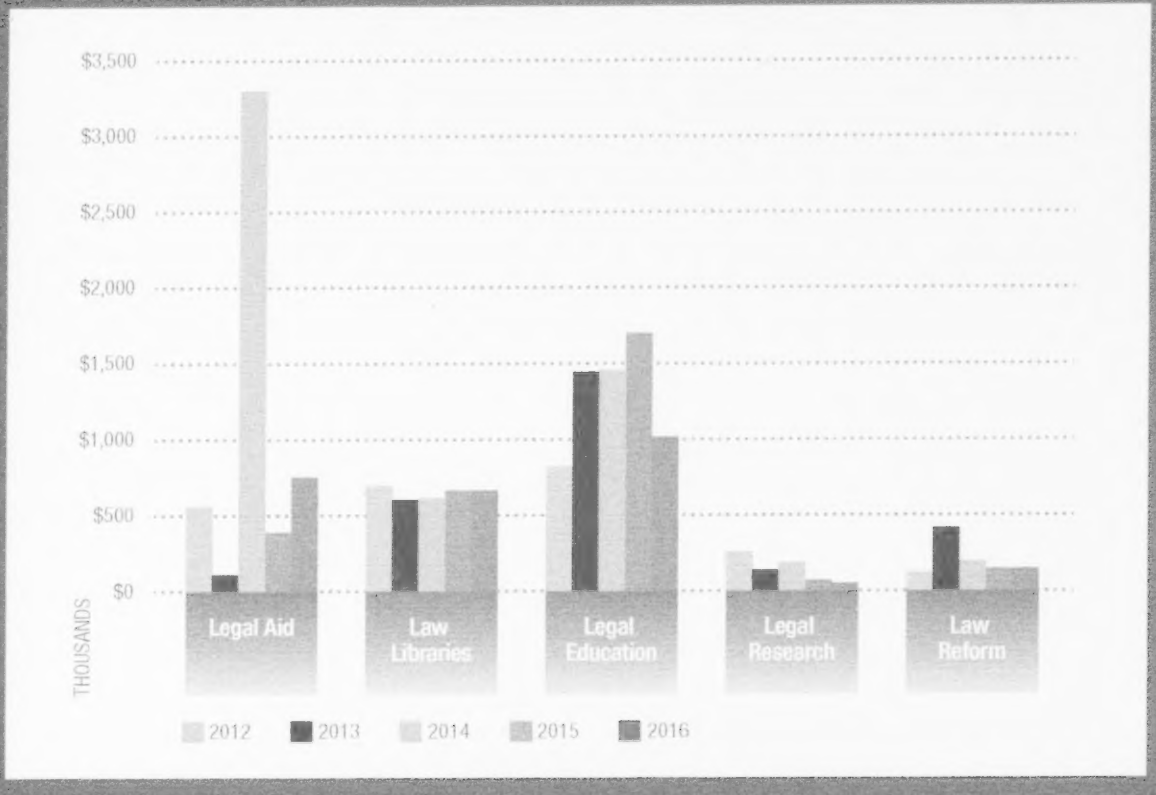
We believe our interest revenues will decline again in the 2017 fiscal year although more modestly compared to fiscal 2016. Revenues will likely be slightly higher than what we saw in fiscal 2011 when we realized revenues of less than $2.0 million. At the same time during the last five year period our ongoing grantees have expanded their programs and have increasing needs for funding to deliver their existing or expanding programs. Requests for ongoing grants as we begin fiscal 2017 significantly exceed $3.0 million.

The success of our grantees is crucial to achieving our vision. As responsible stewards of the monies that are entrusted to us, it is imperative that we balance fiscal realities with a need and desire to support our grantees. To that end, as it became evident that our revenues would decline in fiscal 2016 and beyond, we worked collaboratively with our ongoing grantees to make sure they could anticipate the changing conditions and plan for the impact. We have committed to our ongoing grantees that we will continue in a balanced fashion to draw down on our Grant Stabilization Reserve to protect the essential programs we fund and we will review our operations to ensure we are cost effective.

We expect that, in light of fiscal realities and at the same time a growing demand for funding, certain grants will be held constant or reduced in the upcoming grant cycle. In the first quarter of fiscal 2017 this was the case. We are encouraging our grantees to be vigilant in making longer term financial commitments because there can be no assurance that our funding will recover to historical levels.

Funded Programs and Projects

The breakdown of the Foundation's grant expenses from 2012 – 2016 (in thousands) in accordance with its legislative purposes is set out below.



Funded Programs and Projects (continued)

The larger organizations that the Foundation is currently supporting are described below. Details of all amounts granted in the last two fiscal years are detailed in Schedule 1 of the financial statements in this annual report.

Grant recipient	Grant purpose	2015-2016 Grant amount ($)
Law Society - Law Libraries	Provide print and online legal resources and services to the legal profession and public.	661,000
Public Legal Education Association of Saskatchewan	Facilitate the creation and distribution of high quality legal information to the public.	698,590
College of Law at the University of Saskatchewan – Student Support	Moot funding, graduate student research travel and other special projects.	128,000
Native Law Centre at the University of Saskatchewan	Funding of a research officer.	80,000
Pro Bono Law Saskatchewan	Improves access to justice by providing high-quality pro bono legal services.	400,000
Elizabeth Fry Society of Saskatchewan	Working for and with criminalized women and their families involved in the criminal justice system.	375,000
Community Legal Assistance Services for Saskatoon Inner City (CLASSIC)	Providing clients with basic legal services and legal information.	300,000*

*Grant approved and recorded in 2014 for the 2016 fiscal year.

Management's Responsibility for Financial Statements

The accompanying financial statements of the Law Foundation of Saskatchewan have been prepared by the Foundation's management in accordance with Canadian accounting standards for not-for-profit organizations and necessarily include some amounts based on informed judgment and management estimates.

To assist management in fulfilling its responsibilities, a system of internal controls has been established to provide reasonable assurance that the financial statements are accurate and reliable and that assets are safeguarded.

The Foundation's members have delegated certain responsibilities to the Audit Committee, including the responsibility for reviewing the annual financial statements and meeting with management and external auditors on matters relating to the financial reporting process and the Foundation's system of controls.

The Foundation's members have reviewed and approved these financial statements.

These financial statements have been examined by the independent auditors, Deloitte LLP, and their report is presented separately.

Chair of the Audit Committee

Executive Director

December 12, 2016

Independent Auditor's Report

To the Members of the Law Foundation of Saskatchewan

We have audited the accompanying financial statements of the Law Foundation of Saskatchewan, which comprise the statement of financial position as at June 30, 2016, and the statements of changes in net assets, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of the Law Foundation of Saskatchewan as at June 30, 2016, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations

Deloitte LLP

Chartered Professional Accountants, Chartered Accountants
Licensed Professional Accountants

December 12, 2016
Regina, SK.

Statement of Financial Position

As at June 30, 2016
(with comparative figures for June 30, 2015)

	2016	2015
Assets		
Current assets:		
Cash	$ 445,145	$ 753,849
Accounts receivable	100,800	-
Interest receivable from lawyers' mixed trust accounts	326,790	386,358
Accrued investment interest receivable	135,000	143,835
Investments (Note "3")	5,119,243	1,984,135
	6,126,978	3,268,177
Investments (Note "3")	6,509,557	10,269,997
	$ 12,636,535	$ 13,538,174
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	$ 15,140	$ 15,261
Grants payable	2,087,787	2,543,996
	2,102,927	2,559,257
Grants payable - due after one year	447,156	1,555,425
	2,550,083	4,114,682
Grant stabilization reserve	7,250,000	7,300,000
Strategic initiatives reserve	2,794,702	2,091,702
Unallocated surplus	41,750	31,790
	10,086,452	9,423,492
	$ 12,636,535	$ 13,538,174

See accompanying notes to the financial statements

On behalf of the Foundation:

Chair

Treasurer

Statement of Changes in Net Assets

For the year ended June 30, 2016
(with comparative figures for the year ended June 30, 2015)

	2016			
	Grant stabilization reserve	Strategic initiatives reserve	Unallocated surplus	Total
Balance - beginning of year	$7,300,000	$2,091,702	$ 31,790	$ 9,423,492
Strategic initiative grant recovery (Schedule "2")	-	703,000	(703,000)	-
Decrease in grant stabilization reserve	(50,000)	-	50,000	-
Excess of revenue over expenses and grants for the year	-	-	662,960	662,960
Balance - end of year	$7,250,000	$2,794,702	$ 41,750	$10,086,452

	2015			
	Grant stabilization reserve	Strategic initiatives reserve	Unallocated surplus	Total
Balance - beginning of year	$6,600,000	$2,403,000	$ 149,534	$ 9,152,534
Increase in grant stabilization reserve	700,000	-	(700,000)	-
Strategic initiative grant authorized	-	(311,298)	311,298	-
Excess of revenue over expenses and grants for the year	-	-	270,958	270,958
Balance - end of year	$7,300,000	$2,091,702	$ 31,790	$ 9,423,492

See accompanying notes to the financial statements

Statement of Operations

For the year ended June 30, 2016
(with comparative figures for the year ended June 30, 2015)

	2016	2015
Revenue		
Interest from lawyers' mixed trust accounts	$ 2,369,735	$ 3,125,010
Investment revenue	285,526	320,492
Unclaimed lawyers' mixed trust accounts	34,189	12,762
	2,689,450	3,458,264
Expenses		
Accounting and administration support	53,138	58,388
General administration	16,709	13,997
Management services and expenses	96,732	100,933
Members' meetings and expenses	73,376	70,140
Professional fees	14,942	29,466
	254,897	272,924
Excess of revenue over expenses before grants	2,434,553	3,185,340
Grants authorized (Schedule "1")	(2,666,683)	(2,957,756)
Excess (deficiency) of revenue over expenses after grants	(232,130)	227,584
Grants recovered (Schedule "2")	895,090	43,374
Excess of revenue over expenses and grants for the year	$ 662,960	$ 270,958

See accompanying notes to the financial statements

Statement of Cash Flows

For the year ended June 30, 2016
(with comparative figures for the year ended June 30, 2015)

	2016	2015
Cash provided by (used in) operating activities:		
Excess of revenue over expenses and grants for the year	$ 662,960	$ 270,958
Items not involving cash:		
Change in non-cash working capital items:		
Accounts receivable	(100,800)	-
Interest receivable from lawyers' mixed trust accounts	59,568	107,861
Accrued investment interest receivable	8,835	14,615
Accounts payable	(121)	(20,165)
Grants payable	(1,564,478)	(562,441)
	(934,036)	(189,172)
Cash provided by (used in) investing activities:		
Purchases of investments	(809,956)	(4,383,111)
Proceeds on disposal and maturity of investments	1,435,288	4,655,869
	625,332	272,758
(Decrease) increase in cash	(308,704)	83,586
Cash position - beginning of year	753,849	670,263
Cash position - end of year	$ 445,145	$ 753,849

See accompanying notes to the financial statements

Notes to the Financial Statements

For the year ended June 30, 2016
(with comparative figures for the year ended June 30, 2015)

1. Nature of the Foundation

The Law Foundation of Saskatchewan (the "Foundation") is established under *The Legal Profession Act, 1990* of Saskatchewan. The purpose of the Foundation is to establish and maintain a fund to be used for the purposes of legal education, legal research, legal aid, law libraries and law reform. The Foundation is exempt from income taxes.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations, and reflect the following policies:

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations required management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from the estimates.

Revenue recognition

Interest revenue from lawyers' mixed trust accounts and investment revenue is recorded in the period in which it is received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Unclaimed lawyers' mixed trust funds and miscellaneous revenues are recorded in the period received.

Grants

Grants are expensed at the time they are authorized by the Foundation. Where grants are expected to be disbursed beyond a one year time frame a portion of the grant is classified as a long term payable. When sufficient evidence is obtained indicating that a portion of a grant will be returned to the Foundation the amount of the recovery is recorded in the period in which the recovery is reasonably estimated and collection is reasonably assured.

Grant stabilization reserve

The Foundation has a goal of insulating continuing programs from fluctuation in the Foundation's revenue that result from changes in the prime rate and the balances in lawyers' mixed trust accounts that generate revenue to the Foundation. To accomplish this goal the Foundation maintains a reserve that functions as a stabilization fund.

Strategic initiatives reserve

The Foundation periodically makes one time grants for significant access to justice projects. This reserve has been established by the Board to enhance its capacity to meet its mandate when such projects arise.

Financial instruments - recognition and measurement

Financial assets and financial liabilities are recorded on the statement of financial position when the Foundation becomes party to the contractual provisions of the financial instrument. All financial instruments are required to be recognized at fair value upon initial recognition, except for certain related party transactions. Measurement in subsequent periods of equity instruments is at fair value. All financial assets and financial liabilities of the Foundation are measured at amortized cost adjusted by premiums and discounts, which are amortized over the expected life of the instrument.

Fair value is the amount at which a financial instrument could be exchanged at arm's length between willing, unrelated parties in an open market. Changes in fair values of financial assets and financial liabilities measured at fair value are recognized in excess of revenues over expenses.

When there is an indication of impairment and such impairment is determined to have occurred, the carrying amount of financial assets measured at amortized cost is reduced to the greater of the discounted cash flows expected or the proceeds that could be realized from sale of the financial asset. Such impairments can be subsequently reversed if the value improves.

Notes to the Financial Statements

For the year ended June 30, 2016
(with comparative figures for the year ended June 30, 2015)

3. Investments

	2016		2015	
	Cost	Yield	Cost	Yield
Current:				
High interest savings account	$ 1,383,865	1.00%	$ 880,911	1.00%
Investments maturing within one year	3,735,378	2.68%	1,103,224	3.23%
	5,119,243		1,984,135	
Long term:				
Provincial bonds				
2-3 years	321,235	2.28%	114,448	3.18%
4-7 years	106,968	1.85%	427,066	2.17%
Corporate bonds				
2-3 years	1,462,515	3.41%	929,720	3.58%
4-7 years	417,699	2.39%	1,394,131	2.91%
Guaranteed investment certificates				
2-3 years	2,120,890	2.45%	4,659,382	2.46%
4-7 years	2,080,000	2.34%	2,745,000	2.42%
Credit Union member equity	250		250	
	6,509,557		10,269,997	
	$ 11,628,800		$ 12,254,132	

The Foundation's investments have a fair value at year end of $11,797,365 (2015 - $12,454,738).

4. Financial risk management

The Foundation has a risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The significant financial risks to which the Foundation is exposed are:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Foundation is exposed to credit risk on amounts received from financial institutions which forward interest earned from mixed trust accounts of the lawyers of Saskatchewan to the Foundation. The Foundation does not have a significant exposure to any individual financial institution and has adopted policies and procedures to ensure completeness of revenues forwarded to the Foundation.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Foundation is exposed to interest rate risk on its investments and the interest it earns from mixed trust accounts of the lawyers in Saskatchewan. The Foundation holds investments of varying maturities to manage the interest rate risk associated with investments.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation's exposure to liquidity risk is dependent on receipt of funds and are considered adequate to meet its obligations.

Grants Authorized

SCHEDULE 1

For the year ended June 30, 2016
(with comparative figures for the year ended June 30, 2015)

	2016	2015
Law Society Law Libraries	$ 661,000	$ 660,917
Law Society Bar Course CPLED	77,693	60,799
College of Law External Moot Funding	93,000	-
College of Law Civilian Oversight	-	24,000
College of Law Ted Hughes Biography	25,000	-
College of Law / Johnson-Shoyama Graduate School Blakeney Conference	-	5,000
College of Law Access to Justice Coordinator 2015-2018*	-	311,298
College of Law Support for Graduate Student Research Travel	10,000	-
Native Law Centre	80,000	80,000
Public Legal Education Association of Saskatchewan ("PLEA")	698,590	672,109
PLEA Information Revitalization Project	-	365,787
Pro Bono Law Saskatchewan 2016	400,000	-
Pro Bono Students Canadian National Conference	5,000	5,132
Elizabeth Fry Society Quarter 1 - 2016	75,000	-
Elizabeth Fry Society	300,000	300,000
Legal Aid Saskatchewan - Gladue history	30,000	35,000
Saskatchewan Elocution and Debate	9,500	9,500
Law Reform Commission of Saskatchewan	60,000	60,000
Level - Dare to Dream Project	20,000	-
Envision Counselling & Support Centre Inc. Outreach Program	19,000	19,000
Court of Appeal Centenary History	-	125,000
University of Regina Lifelong Learning	-	72,050
STR8 Up Inc.	65,000	65,084
Association des juristes d'expression francaise de la Saskatchewan	-	50,680
Canadian Institute for the Administration of Justice	10,000	20,000
Canadian Bar Association Law Day	-	6,000
Canadian Association of Drug Court Professionals	17,500	-
Saskatoon Sexual Assault and Information Centre	10,400	10,400
	$ 2,666,683	$ 2,957,756

* Strategic initiative grant

Grants Recovered

SCHEDULE 2

For the year ended June 30, 2016
(with comparative figures for the year ended June 30, 2015)

	2016	2015
Dispute Resolution Office / Family Justice *	$ 703,000	$ -
College of Law Renewal of Law Foundation Aboriginal Law LLM Stipends	160,000	-
College of Law External Moot Funding	19,064	-
Canadian Institute for the Administration of Justice	5,000	-
College of Law Graduate Student Travel	4,239	-
Law Reform Commission	3,330	-
College of Law / Johnson-Shoyama Graduate School Blakeney Conference	457	-
Law Society Builders Lien Manual	-	20,500
Pro Bono Law Saskatchewan	-	15,000
Law Society Can Lii Project	-	3,850
Department of Educational Administration, University of Saskatchewan "Knowledge Discovery for Legal Education and Research" - Dr. Burgess	-	1,755
Pro Bono Students Canada	-	1,283
Pro Bono Students Canadian National Conference	-	923
Queens Bench Rules review project	-	63
	$ 895,090	$ 43,374

* Strategic initiative grant

Contact

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